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Memorandum of Conversation

DATE: April 4, 1956

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Central  
File

SUBJECT: Visit of Japanese Ambassador Regarding  
South Carolina Textile Legislation.

PARTICIPANTS: Japanese:

Mr. Tani, Ambassador of Japan  
Mr. Hiroto Tanaka, First Secretary, Embassy of Japan  
Mr. Tetsuro Ohata, Commercial Secretary, Embassy of Japan

Americans:

G - Mr. Murphy  
E - Mr. Kalijarvi  
NA - Mr. Hemmendinger  
G - Mr. Finn  
TAD - Mr. Barger

COPIES TO:

Participants  
E - Mr. Prochnow  
ITR - Mr. Thibodeaux, Mr. Frank  
Embassy Tokyo  
L/E - Mr. Metzger  
TAD - Mr. Norwood, Mr. Blake  
OLI - (2)  
Consulate General Kobe

Ambassador Tani stated that he had been instructed by his Government to convey its view that the legislation in South Carolina requiring wholesale and retail establishments dealing in Japanese textiles to display a sign "Japanese textiles sold here" violates the United States-Japanese FCN Treaty. He presented a note to the Department of State, copy of which is attached.

The Ambassador noted that the South Carolina law is an apparent violation of Article XVI of the FCN Treaty, and he asked that the Department urgently take all appropriate steps to deal with the South Carolina situation and also to prevent other States from passing similar legislation.

Ambassador Tani indicated that he realized the Department is sympathetic towards the efforts which Japan has been making to deal with the textile situation, and reiterated that Japan had done all that it could, but that obviously further steps were necessary which only the Department can take. He indicated that the Japanese Government would appreciate any efforts made by the Department to solve the situation.

Ambassador Tani also presented the Department with a copy of a resolution passed by the Greenwood, S.C. City Council urging the boycott of Japanese textiles (copy attached).

In concluding his presentation the Japanese Ambassador referred to a letter which had been written by the Department of State to the Governor of Maryland pointing out the adverse effects of restrictive legislation being considered by

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that State which would have affected a Canadian beer company.

Mr. Murphy replied that the Japanese Ambassador had lived in the United States long enough to realize that the question of State-Federal relations is very delicate and that intervention by the Federal Government in State affairs may be counter-productive. He added that it would undoubtedly be better from all points of view for court action to deal with the violation of the FCN Treaty since there is no question about the language of Article XVI. He informed Ambassador Tani that certain organizations, e.g., The United States Chamber of Commerce, are being contacted and that it might be possible for such organizations to assist in getting a test case into the South Carolina courts. By working through such organizations, Mr. Murphy stated, it would be possible to avoid the State-Federal relations problem.

Mr. Kalijarvi informed Ambassador Tani that the situation in Maryland was different than the one in South Carolina. In the first instance, the Department had had some advance warning and was able to study the matter ahead of the Governor's action. He further distinguished between the cases by noting that in regard to the Maryland action, there was no treaty involved and the legislative situation is quite different since States are permitted to control alcoholic beverages. Since there is a remedy in the courts, however, in the case of violation of a FCN treaty, Mr. Kalijarvi reiterated that it would be preferable to have the action occur in that way. He also explained how a court action would start — through a violation of the South Carolina law and enforcement by the State authorities, thus bringing the action into court.

Ambassador Tani indicated that the Japanese Government would undoubtedly be questioned in the Diet regarding the South Carolina legislation and that before answering queries, the Japanese Embassy would be in touch with the Department of State. In connection with any explanation to the Diet, Mr. Kalijarvi suggested that it might be worth mentioning that during negotiation of FCN treaties, United States representatives always make it clear that FCN treaties are enforced through court action here. Mr. Murphy agreed with the Ambassador that every effort should be made to avoid any bitter debate on this issue in the press or in the Diet.

Ambassador Tani thanked Mr. Murphy for the suggestions that he had made and indicated that he would inform the press that he had taken this matter up with the Department of State on instructions of his Government, had had a very cordial meeting, and that the matter is under study in the Department at the present time.

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The Ambassador of Japan presents his compliments to the Honorable the Secretary of State and has the honor to draw the attention of the latter to the following facts.

The Senate and the House of Representatives in the State of South Carolina passed a bill on March 6, 1956 which requires all wholesale and retail establishments in the State dealing in Japanese textile goods, or garments made therefrom, to display a sign "Japanese Textiles Sold Here." The bill was approved by the Governor of the State on March 8, 1956 and has since become effective. Furthermore, it is reported that the State legislature by resolution has requested the other southern and New England states, where the textile industry is prominent, to take similar steps.

The above-mentioned legislation discriminates against the sale of Japanese textile goods in the State of South Carolina. Such discrimination, in the view of the Japanese Government, is in contravention of the Treaty of Friendship, Commerce and Navigation between Japan and the United States which provides, in Article 16, that products of either party shall be accorded, within the territories of the other party, national treatment and most-favored-nation treatment in all matters affecting internal taxation, sale, distribution, storage and use.

As the Secretary of State already knows, the Government of Japan and the Japanese textiles industries concerned, in view of strong complaints by the American cotton textile industries against increased imports of Japanese products and motivated by the sincere desire to settle the problem amicably, voluntarily started to control the export of cotton goods to the United States in January 1956. The voluntary initiation of this control required great sacrifice on the Japanese side. It resulted in the cancellation of a considerable number of outstanding contracts, which had been concluded before the export quota was set, with the consequent serious economic impact upon the textile industries concerned, particularly the medium and small enterprises. Yet these efforts have now been met by the discrimination imposed in the State of South Carolina. Furthermore, it is feared that similar steps might be taken by other states. The Government of Japan is deeply concerned about the adverse effects such discriminatory action might have upon the friendly relationship between the two nations.

In view of the foregoing, the Ambassador, under instructions from the Government of Japan, has further the honor to request the Government of the United States urgently to take appropriate measures to meet this regrettable situation and to prevent similar situations from arising in other states.

Embassy of Japan, Washington, April 4, 1956.

## RESOLUTION

Whereas the city and county of Greenwood have long prospered through a happy combination of splendid and efficient employees, industrious and farsighted management, and local capital applied to the textile industry; and

Whereas the entire economy of our city, county, and State is geared to the textile industry; and

Whereas the present method of handling the importation into the United States of textile products seriously jeopardizes textile employment in Greenwood County and the future of the textile industry of our section due to the comparatively negligible wages paid to Japanese textile employees; and

Whereas efforts to secure reasonable protection from the United States Government regarding such importation have met with no success; and

Whereas the city council of the city of Greenwood feels a responsibility to its citizens to forcefully call to their attention this deplorable fact and suggest to them ways in which their attitude and wishes may be made known; and

Whereas the buying public can discourage such importation by refusing to purchase them: Now, therefore, be it resolved by the City Council of the City of Greenwood in meeting duly assembled this 16th day of March, 1956, That

1. It deplors the adverse effect upon the United States textile industry of the importation of Japanese textiles into the United States for the reason that the American textile worker should not be forced to compete with Japanese textile labor on the basis of price for such labor. To the extent of such importation, a Japanese textile employee is substituting for and taking the place of an American textile employee. We urgently request the United States Congress that it provide suitable legislation to prevent this substantial and unreasonable threat to the American textile business.
2. That we recommend to the citizens of the city and county of Greenwood, S.C., that they make known their resentment and opposition to the sale of such Japanese-made textiles, by first enquiring whether textile goods to be purchased are domestic textiles, and if they are found to be Japanese-made textiles, that they refuse to buy such goods.

3. That we

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3. That we recommend to the merchants of this area that they consider refusing to purchase any Japanese-made textiles, by first making known to the seller the reason for such refusal, for the reason that every merchant's business and future in this area is, in a large measure, related to the welfare of the textile worker and industry.

4. That we state it to be the policy of the city of Greenwood, in its purchases of textile products, that no Japanese-made textiles will be considered for purchase by the city of Greenwood.